



Finance, Revenue and Bonding Committee

March 15, 2010

American Cancer Society Testimony

SB 437 –An Act Concerning the Tobacco Products Tax

Connecticut continues to face very real and very serious budget challenges. This fiscal emergency will need to be addressed through painful and necessary solutions and all options need to be on the table. As we continue to feel the impact of this economic downturn, however, it is important that we look for creative ways to increase revenue that will allow us to protect access to the full range of health care, including tobacco prevention and cessation services.

Like Connecticut, states all across the country are working to address their own budget challenges, cutting costs and making every effort to maximize the effectiveness of health care programs and services. One solution has been to increase cigarette tax rates, which not only brings in much needed additional revenue but also reduces smoking—especially among youths. Indeed, Connecticut raised its cigarette tax by \$1.00 last year, which will bring in approximately \$51 million dollars in new revenue and reduce the youth smoking rate by up to 6.5%.

However a significant source of additional revenue has been left largely unchanged by comparison -- smokeless and other non-cigarette tobacco taxes. By not equalizing these taxes with the cigarette tax, Connecticut has missed an opportunity to further reduce overall youth tobacco use and tobacco-caused harms, and secure additional new state revenues.

Every time a user of one of the higher-taxed tobacco products switches to using one of the lower-taxed tobacco products, the government loses even more money. Since an overwhelming number of these new users are youths unable to afford the cost of cigarettes, we have set the stage not for a reduction in use rates but for dangerous new habits that are still addictive and unhealthy.

Setting all state tobacco product tax rates at equal levels would stop these revenue losses and bring in significant dollars in net new state revenues each year – while also helping to reduce overall tobacco use, thereby locking in substantial future healthcare savings.

The American Cancer Society strongly supports SB 437 – An Act Concerning the Tobacco Products Tax. We respectfully ask the committee to amend the bill to dedication of a portion of that revenue towards funding Medicaid coverage of smoking cessation services.

We are not out to punish people because they use tobacco; on the contrary, we are out to help them by providing for a proven means for them to quit: providing tobacco users with access to both medication and cessation counseling increases quit rates by 40%.

The need is critical. 36% of Connecticut Medicaid beneficiaries smoke, over a 50% higher rate than the population as a whole. Tobacco use costs Medicaid over \$500 million in Connecticut per year, almost 9% of the total state Medicaid expenditures. Yet Connecticut is one of only 4 states that does not provide Medicaid coverage for at least one of the three primary smoking cessation services—nicotine replacement therapies, counseling or prescription drugs.

Coverage of smoking cessation services would also allow for an increase in Federal reimbursements.

Equalizing tobacco product taxes with the cigarette tax will reduce use rates, save lives and produce significant long-term health care cost savings. Additionally, tax equalization will bring in much needed revenue to the state at a time when we continue to desperately need it.

We ask for your support of SB 437 and ask that you help smokers further by supporting a partial dedication of this revenue for Medicaid coverage of smoking cessation services.

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